



April 12, 2000

President  
Federal Home Loan Bank

RE: Participation in the Mortgage Partnership Finance<sup>TM</sup> Program (2000-APP-02)

Dear :

Federal Housing Finance Board (Finance Board) staff has reviewed the Federal Home Loan Bank (FHLBank) application to participate in the Mortgage Partnership Finance<sup>TM</sup> (MPF) program, submitted on December 29, 1999, and the FHLBank policies and procedures submitted on March 2, 2000, pursuant to Resolution Number 99-50 (Resolution) and the Terms and Conditions for Approval, Establishment, and Operation of FHLBank MPF Pilot Programs (Terms and Conditions), both of which were approved by the Board of Directors of the Finance Board on October 4, 1999. The Resolution and the Terms and Conditions require applications for participation in MPF to address certain conditions.

Per the FHLBank application, and as defined in the Terms and Conditions, the FHLBank [REDACTED] will act as FHLBank-Agent for the FHLBank. Specifically, the FHLBank [REDACTED] will act as an FHLBank-Agent for the FHLBank in that it will process all MPF loans through its administrative office, the FHLBank will use the criteria it established to determine the eligibility of its members to become participating financial institutions (PFIs), and the FHLBank will use its pricing methodology. Because the FHLBank-Agent's administrative office, PFI eligibility criteria, and pricing methodology all have been previously examined and approved by Finance Board staff, no further staff review is required prior to approving the application. Additionally, in lieu of the FHLBank paying the FHLBank-Agent the required Program Contribution and Transaction Services Fee, the FHLBank-Agent will participate in 50 percent of the first \$500 million of FHLBank loans.

After completing its review of the FHLBank application, Finance Board staff finds that the operation of the FHLBank participation in the MPF program, as proposed in its application, complies with the requirements of the Resolution and the Terms and Conditions. Based on these findings, and based on the findings of the Finance Board's Office of Supervision that the program's policies, procedures and controls are satisfactory, the FHLBank hereby is authorized to offer MPF to its members on the terms set forth in your application. However, this authorization is contingent upon the Finance Board's receipt of the signed Investment and Services Agreement (Agreement). The signed Agreement must be identical to all material respects to the draft Investment and Services Agreement dated December 22, 1999, as provided

by the FHLBank to the Finance Board. Additionally, if at any point in the future, the FHLBank intends to change any aspect of its MPF operations from the terms approved hereby, the FHLBank must submit a revised application to Finance Board staff for approval.

If you have any questions, please feel free to contact me at (202) 408-2890.

Sincerely,

*/s/ William W. Ginsberg*

William W. Ginsberg  
Managing Director

cc: Board of Directors of the Finance Board  
FHLBank-Agent